

# **FISCAL NOTE**

## **HB 2134**

February 26, 2007

**SUMMARY OF BILL:** Exempts 50% of the ticket price to educational or cultural events, held in facilities owned by the state, and which events are presented by a non-profit [501(c)(3)] organization, from sales tax.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - \$173,000**

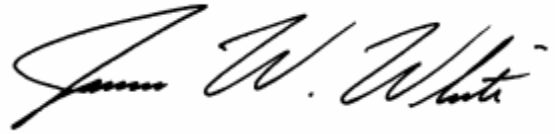
**Decrease Local Govt. Revenues - \$56,000**

#### Assumptions:

- According to the Department of Revenue, tickets for non-profit productions are exempt from sales tax. However, for-profit productions are taxable even if the venue in which they occur is a non-profit entity.
- Enactment of this bill would change the tax status of for-profit educational and cultural productions so that only 50% of the ticket price would be taxable, if such productions are held at venues considered non-profit entities.
- Based from promotional materials, it is estimated that approximately 600,000 individuals attend these events in a typical year.
- 33% of tickets sold are for events sponsored by for-profit entities.
- Average ticket price is estimated to be \$25 per person.
- Taxable sales are estimated to be \$2,475,000 per year (600,000 individuals X 33% ratio X \$25 ticket price X 50% proposed exemption = \$2,475,000).
- Current state sales tax rate is 7.0%
- The local option sales tax rate is estimated to average 2.25%.
- The decrease to state revenues is estimated to be \$173,000 per year ( $\$2,475,000 \times 7.0\% = \$173,250$ ).
- The decrease to local government revenues is estimated to be \$56,000 per year ( $\$2,475,000 \times 2.25\% = \$55,688$ ).

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director